

URBAN/MUNICIPAL

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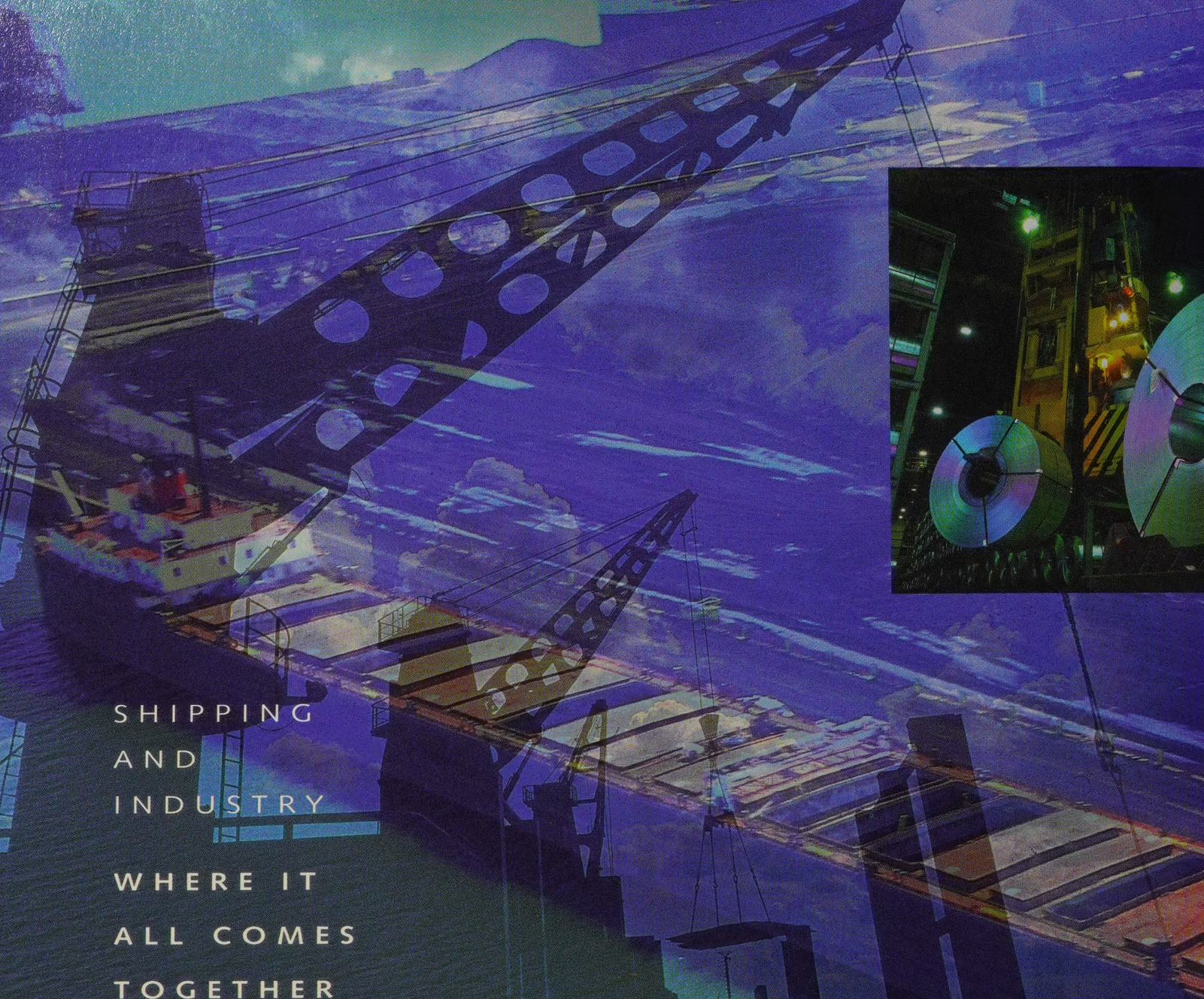
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ANNUAL REPORT 1996



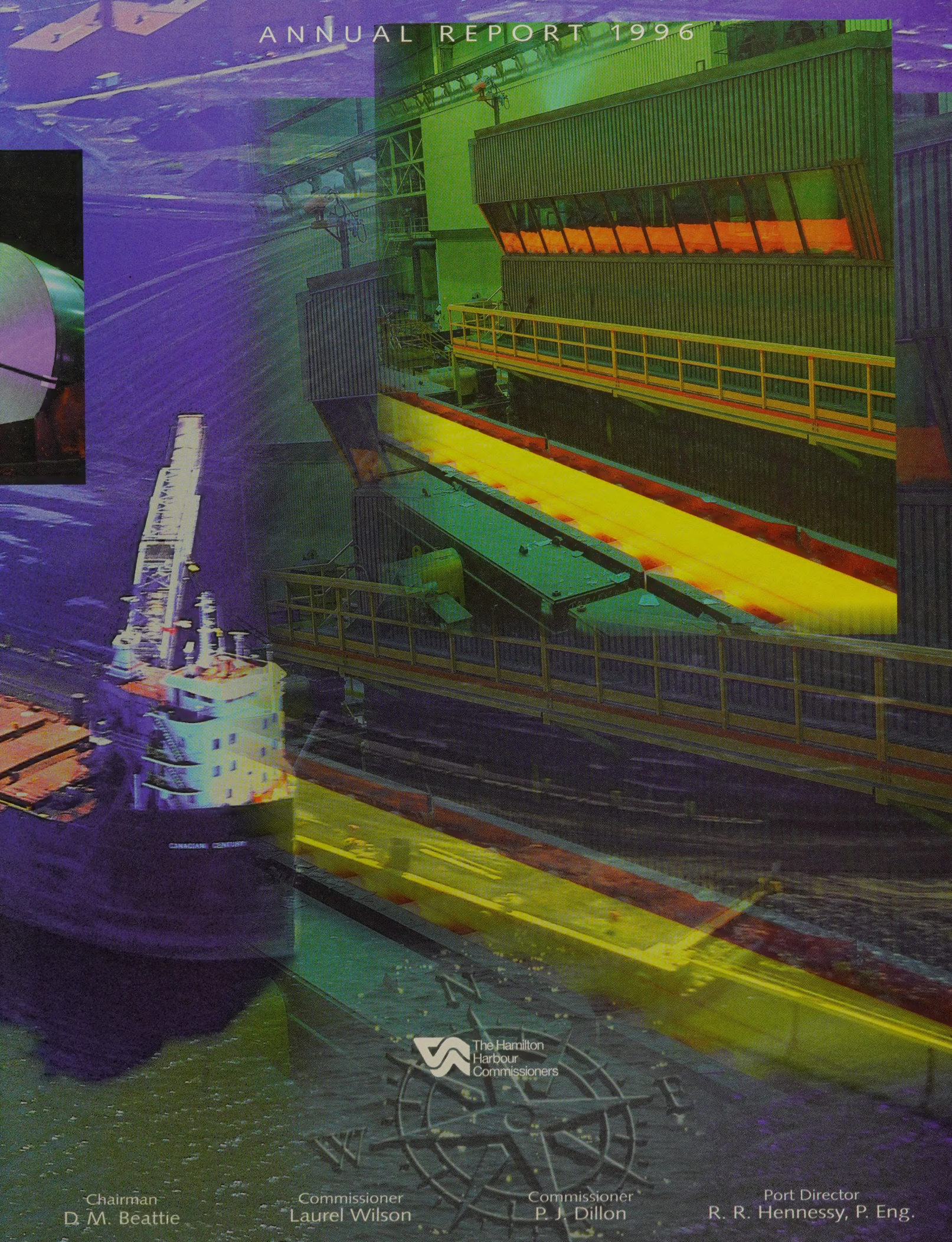


SHIPPING
AND
INDUSTRY

WHERE IT
ALL COMES
TOGETHER



ANNUAL REPORT 1996



The Hamilton
Harbour
Commissioners

Chairman
D. M. Beattie

Commissioner
Laurel Wilson

Commissioner
P. J. Dillon

Port Director
R. R. Hennessy, P. Eng.

REPORT FROM THE CHAIRMAN AND THE PORT DIRECTOR

Cargo volumes at the Port of Hamilton rebounded in 1996 to 12,925,919 tonnes. The lion's share of this was domestic and U.S. cargo, amounting to 11,377,743 tonnes for the year. This is the highest tonnage level achieved in almost a decade and was brought about by an increase in bulk raw materials imported to feed the Port's waterfront industrial complex.

Overseas cargo totalled 1,548,176 tonnes, unchanged from the previous year. The number of commercial vessel calls at the Port in 1996 was 676, also unchanged from last year.

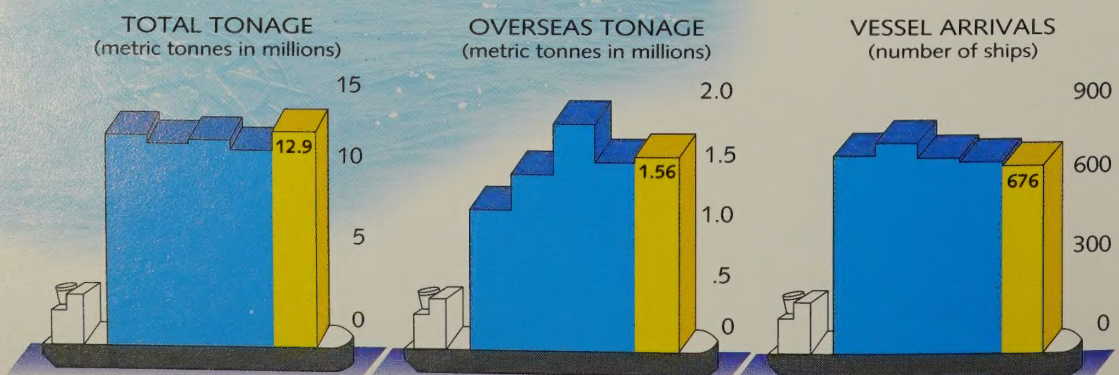
The 1996 navigation season in Hamilton opened on March 30 with the arrival of the M.V. "Frontenac" carrying coal to Pier 17 and closed on December 24 with the departure of the M.V. "Manitoulin", after discharging a load of iron ore at Pier 16. Both the dates and the cargoes are reflective of a typical operating season in the harbour.

The Port's first overseas vessel was the M.V. "Federal Fuji", which arrived on March 31 bringing a load of steel from Venezuela.

On the financial side, total revenue for the year increased to \$10,985,476. This change can be attributed to growth in business as the Port, once again, did not increase its charges for cargo and berthage. During the year,

a total of \$3,331,752 was expended on maintenance of the Port's structures and the building of new works. Port lands generated \$2,770,454 in municipal taxes for the City of Hamilton. A significant cost can be attributed to the dredging of almost 40,000 cubic metres of material from the Port's shipping channels during the year. Approximately one half of this work was carried out in the Burlington Ship Channel. Although this channel is not part of the harbour, the Commissioners had to undertake this work, in the absence of others, in order to keep the Port open to ship traffic.

The Commissioners completed a major upgrading of the power distribution system on Pier 11. The system was increased to 13.8kV and moved underground, eliminating the hazard of overhead wires on the Pier, which receives most of the Port's liquid bulk cargo.



PORT MUNICIPAL

OCT 13 1997

GOVERNMENT DOCUMENTS



The Commissioners purchased three 20 tonne lift trucks in 1996, bringing the fleet to a total of 36. The new trucks are ideally suited to handling break bulk steel cargo both on the dock and in a ship's hold.

Improvements were ongoing at our Harbour West Marina Complex in 1996. A general upgrading of the marina fuel dock, the only one in the harbour, was undertaken. Additional inside boat storage was created in Shed 7. Our shop and repair facility had a busier than normal season with revenues up 124% over the previous season.

Harbour West Sailing Adventures purchased a CS36 foot Merlin for use with our Georgian Bay Sailing Program. Approximately 2,000 students made use of our sailing programs during the year and the new vessel proved to be one of the sailing school's main attractions.

Use at our Fisherman's pier facility, adjacent to the Burlington Canal, remained steady with 3,750 paid launches. The launch ramp is popular with sport fishermen using both the harbour and Lake Ontario.

The Port continued its active role in both the American Association of Port Authorities and the Canadian Port and Harbour Association, sending representatives to serve on the board of directors of both organizations.

The Port of Hamilton Spill Control Group remained active during the year with the full participation of 16 waterfront industries.

We would like to thank the Port's management staff and our work force; the accomplishments achieved in 1996 are a result of their efforts. We would also like to acknowledge the support of our Board of Commissioners, Mr. Patrick Dillon and Mr. Peter Peterson. Special thanks go to Peter Peterson, who retired from the Board in 1996 after serving six and one half years. We welcome aboard Laurel Wilson, who joins the Commissioners as a Government of Canada appointee.

In summary, 1996 can be best described as "business as usual" on the Hamilton waterfront. Significant progress was made on a number of projects that, given proper guidance, should come into fruition in 1997. We look forward to the challenge.

D. M. Beattie
Chairman

R. R. Hennessy
Port Director

BALANCE SHEET

As at December 31, 1996

	1996 \$	1995 \$
ASSETS		
Current Assets		
Cash	621,617	235,893
Accounts receivable -		
Trade	974,255	1,170,362
Interest	36,855	451,154
Other	106,360	171,455
Inventories	147,559	112,109
Prepaid expenses	149,839	-
Deferred harbour dredging expenses	287,674	127,572
Current portion of investment in Capital Lease (Note 3)	77,160	72,665
	<u>2,401,319</u>	<u>2,341,210</u>
Net investment in Capital Lease (Note 3)	616,659	695,912
Investments Appropriated for Future Harbour Improvements (Note 4)	13,548,973	10,399,956
Fixed Assets (Note 5)	<u>55,273,335</u>	<u>56,084,568</u>
	<u>71,840,286</u>	<u>69,521,646</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	1,216,273	1,095,169
Current portion of debentures payable (Note 6)	50,000	50,000
	<u>1,266,273</u>	<u>1,145,169</u>
Debentures Payable (Note 6)	125,000	175,000
	<u>1,391,273</u>	<u>1,320,169</u>
EQUITY		
General Capital	56,900,040	57,801,521
Reserve for Future Harbour Improvements (Note 4)	13,548,973	10,399,956
	<u>70,449,013</u>	<u>68,201,477</u>
	<u>71,840,286</u>	<u>69,521,646</u>

STATEMENT OF GENERAL CAPITAL

For the Year Ended December 31, 1996

	1996 \$	1995 \$
General Capital - Beginning of Year	57,801,521	54,536,898
Excess of revenue over expenses for the year	2,247,536	2,515,317
	<u>60,049,057</u>	<u>57,052,215</u>
Allocation (to) from reserve for future harbour improvements (Note 4)	(3,149,017)	749,306
General Capital - End of Year	<u>56,900,040</u>	<u>57,801,521</u>

STATEMENT OF REVENUE AND EXPENSE

For the Year Ended December 31, 1996

	1996 \$	1995 \$
Revenue from Operations	10,273,313	9,712,981
Operating Expenses	4,115,648	3,827,670
Income from Operations	6,157,665	5,885,311
Administrative, Office and General Expenses	2,351,535	2,394,048
Interest on Debentures Payable	8,766	10,545
Depreciation	2,261,991	1,960,435
Financing Income from Capital Leases	(43,847)	(47,770)
Other Income	(668,316)	(947,264)
Excess of Revenue Over Expenses for the Year	<u>2,247,536</u>	<u>2,515,317</u>

AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1996 and the statements of revenue and expenses, general capital and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the Corporation that have come to our notice during our examination of the financial statements have, in all material respects, been in accordance with Section 29 of "The Hamilton Harbour Commissioners' Act".

Hamilton, Ontario
March 14, 1997

Coopers & Lybrand
Chartered Accountants

STATEMENT IN CHANGES IN FINANCIAL POSITION

For the Year Ended December 31, 1996

	1996 \$	1995 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	2,247,536	2,515,317
Items not affecting cash -		
Depreciation	2,261,991	1,960,435
Gain on disposal of fixed assets	(20,074)	(3,005)
Deferred harbour dredging expenses	(287,674)	-
	<u>4,201,779</u>	<u>4,472,747</u>
Decrease in non-cash working capital items related to operations	<u>738,888</u>	<u>59,506</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,940,667</u>	<u>4,532,253</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	(1,475,843)	(5,516,935)
Proceeds on disposal of fixed assets	45,159	3,005
(Increase) decrease in investments appropriated for future harbour improvements	(3,149,017)	749,306
Decrease in net investment in Capital Lease	<u>74,758</u>	<u>53,983</u>
CASH USED IN INVESTING ACTIVITIES	<u>(4,504,943)</u>	<u>(4,710,641)</u>
FINANCING ACTIVITIES		
Repayment of debentures payable	(50,000)	(50,000)
Decrease in long-term debt	<u>-</u>	<u>(76,358)</u>
CASH USED IN FINANCING ACTIVITIES	<u>(50,000)</u>	<u>(126,358)</u>
NET INCREASE (DECREASE) IN CASH	385,724	(304,746)
CASH - BEGINNING OF YEAR	<u>235,893</u>	<u>540,639</u>
CASH - END OF YEAR	<u><u>621,617</u></u>	<u><u>235,893</u></u>

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 1996

1. THE HAMILTON HARBOUR COMMISSIONERS' ACT

The Hamilton Harbour Commissioners ("the Commissioners") is a corporation established and operated pursuant to The Hamilton Commissioners Act, 2 George V c.98, 1912. The Commissioners mandate is to govern and develop the harbour of Hamilton for the purposes of the Act and to provide a harbour with full facilities for the transportation industry.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Fixed assets

Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at rates designated to amortize the cost over the useful lives of the assets as follows:

Docks and improvements	2 - 20%
Buildings	2-1/2 - 20%
Equipment and vessels	10 - 20%

(b) Capital development in process

The Commissioners include all costs to develop an asset in the capital development in process category until the project is substantially complete. At that time, the asset is transferred to fixed assets and depreciation is taken according to established policy.

(c) Inventories

Inventories of merchandise are recorded at the lower of cost, determined on a first-in, first-out basis and replacement cost.

(d) Deferred harbour dredging expenses

Deferred harbour dredging expenses relate to the maintenance of the harbour channels. Total estimated cost for the project is \$1,200,000 and this is being amortized over three years. The current year's expense is \$400,000.

3. CAPITAL LEASE

In 1994, the Commissioners acquired certain crane equipment and entered into a five year direct financing lease.

Financing income related to the direct financing lease is recognized in a manner that produces a constant rate of return on the investment in the lease. The investment in the lease for purposes of income recognition is composed of net minimum lease payments and unearned financing income.

The net investment in the lease includes the following:

Total minimum lease payments receivable:	
1997	117,000
1998	117,000
1999	548,603
	782,603
Unearned income	(88,784)
	693,819
Current Portion	(77,160)
	<u>616,659</u>

4. RESERVE FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners transferred \$3,149,017 to the reserve (1995 - \$749,306 from the reserve) for future harbour improvements. The total balance in the reserve, amounting to \$13,548,973 (1995 - \$10,399,956), is set aside for future capital expenditures. The reserve funds are invested in short-term deposits.

In 1996, the Commissioners approved a five year capital budget in the aggregate amount of \$32,070,000 (1995 - \$30,010,000).

5. FIXED ASSETS

	1996		1995	
	Cost \$	Accumulated Depreciation \$	Net \$	Net \$
Land	17,870,533	-	17,870,533	17,870,533
Docks and harbour improvements	38,184,716	17,576,079	20,608,637	21,357,263
Buildings	17,137,619	9,893,623	7,243,996	7,853,417
Equipment and vessels	7,624,376	5,741,122	1,883,254	1,365,553
Capital development in progress	7,666,915	-	7,666,915	7,637,802
	<u>88,484,159</u>	<u>33,210,824</u>	<u>55,273,335</u>	<u>56,084,568</u>

6. DEBENTURES PAYABLE

	1996 \$	1995 \$
4 1/8% Government of Canada debentures payable, to be repaid before the year 2005	175,000	225,000
Less: Current portion	50,000	50,000
	<u>125,000</u>	<u>175,000</u>

7. PENSION PLANS

The corporation has non-contributory defined benefit pension plans for salaried employees and C.U.P.E. Local 958 members. Pension costs are computed on the projected benefit method based on an average expected remaining service life of the employee groups of 16 years for salaried employees and 19 years for C.U.P.E. Local 958 members.

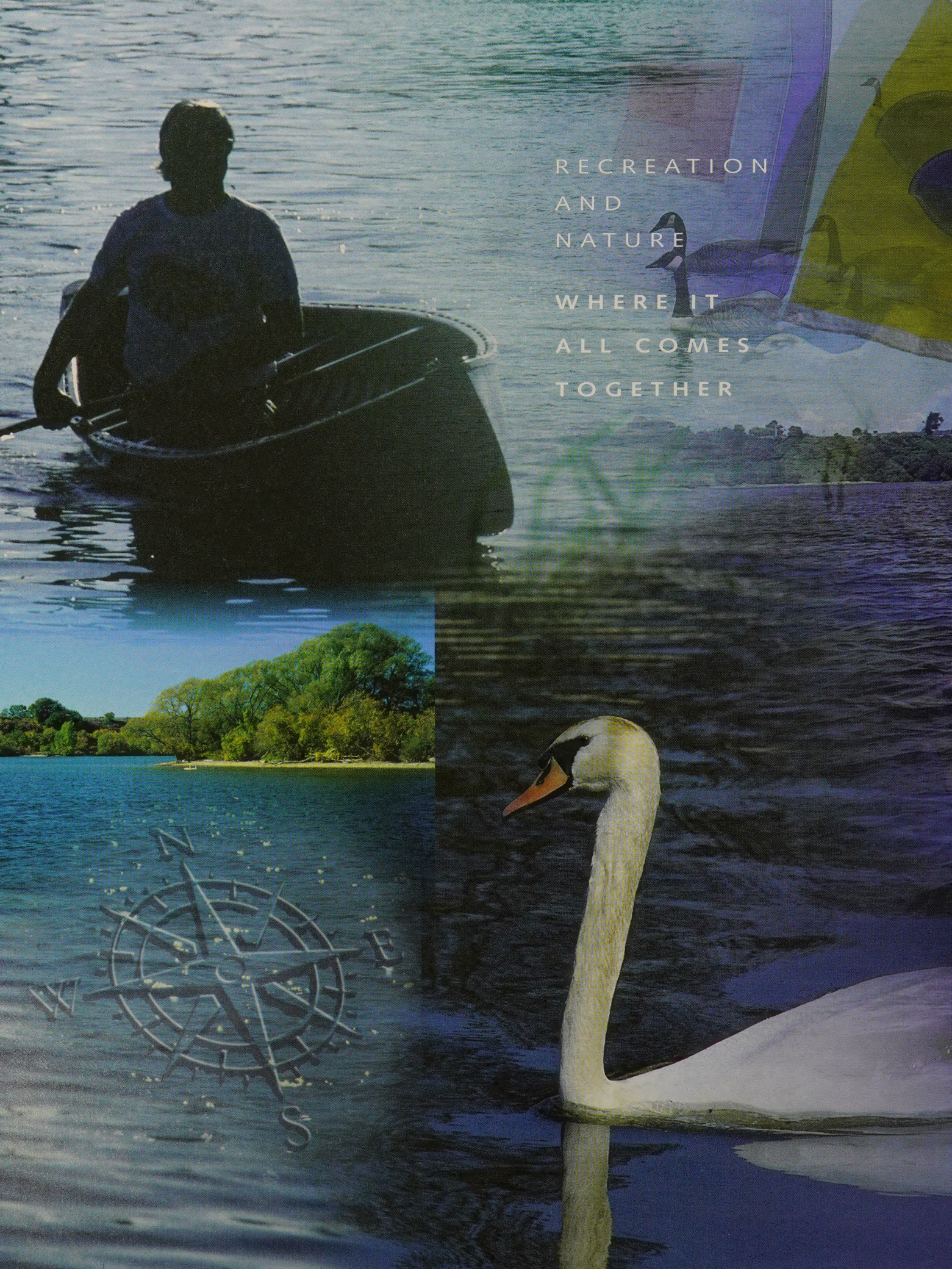
The status of the plans, based on year end estimates provided by the corporation's actuary, are as follows:

	Salaried Employee Plan \$	C.U.P.E. Employee Plan \$
Pension fund assets - at market value	5,356,991	419,249
Projected benefit obligation	4,488,625	311,167

The excess of pension fund assets over the projected benefit obligation of the plans is expected to be utilized to fund current service contributions and/or enhance future pension benefits.

8. COMPARATIVE FIGURES

Certain comparative figures on the balance sheet have been restated to give effect to current year's presentation.

A collage of four images. The top-left image shows a person in a dark boat on water. The top-right image shows a sailboat with a yellow and purple sail. The bottom-left image shows a green shoreline with trees. The bottom-right image shows a white swan on water. The text is overlaid on the top-right image.

RECREATION
AND
NATURE
WHERE IT
ALL COMES
TOGETHER





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